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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
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September 29, 2009

Dave Shaver, Manager
Genwal Resources, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: Notice of Violation (NOV) #10043, Task ID #3401, Genwal Resources, Inc., Crandall Canyon Mine, C/015/0032

Dear Mr. Shaver:

As you are aware, the Division of Oil, Gas and Mining (the Division) issued a citation for non-compliance (NOV #10043) to Genwal Resources, Inc. (the Permittee) for failure to minimize disturbance to the hydrologic balance and diminution or degradation of the quality of surface water. In order to abate NOV #10043, the Division requested that a plan be submitted and receive Division approval to immediately address and remedy the iron discharge.

This letter is to inform you that the conceptual plan that was e-mailed to the Division on September 16th, 2009 has been approved for immediate implementation. It should be noted however, that based upon our previous discussions, the Operational Section of the approved Mining and Reclamation Plan (MRP) for the Crandall Canyon Mine Facility will need to be revised in order to reflect the construction and operation of the proposed aeration treatment system.

All relevant sections of the State of Utah R645-Coal Mining Rules must be addressed with the forthcoming MRP amendment including but not limited to: surface drainage controls, sediment controls, impoundment performance standards as well as professional engineering certification requirements. Please submit the MRP revisions to the Division by October 29th, 2009 in order to help facilitate an expedient resolution to this portion of NOV #10043.

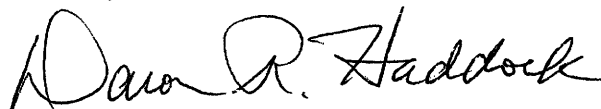


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Additionally, as the required actions to abate NOV #10043 require the submission of a final reclamation plan that addresses long-term iron discharge during final reclamation, the Division requests a sit-down meeting to discuss the associated issues. Please contact me at your earliest convenience for scheduling purposes.

If you have any questions, please call me at (801) 538-5325 Steve Christensen or at (801) 538-5350.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" and last name "Haddock" clearly legible.

Daron R. Haddock
Permit Supervisor

DRH/ss

cc: Price Field Office

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